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August 4, 2008

Honorable Melissa Bean
U.S. House of Representatives
318 Cannon House Office Building
Washington, DC 20515

Dear Congresswoman Bean:

The Port of Seattle welcomes this opportunity to present its views at this field hearing on the potential downstream economic effects of the proposed acquisition of the Elgin Joliet & Eastern Railway Co. (EJ&E line) by Canadian National Railway Co.

The Port of Seattle is one of the largest ports in the U.S. and serves as a gateway for American industrial and agricultural exports as well as imported goods for businesses and consumers. The Port of Seattle's key markets for both imports and exports are the Midwest, Northeast and Southeast.

Press reports have stated Canadian National (CN) is marketing its proposed acquisition of the EJ&E as a way to cut 30 hours off of cargo movements to Southeastern markets. The head of the Port of Prince Rupert Authority (Prince Rupert) acknowledges that the acquisition of the EJ&E is a key long-term issue for the port. This business strategy, which has received a good deal of financial support from Ottawa, is a direct economic threat to U.S. port communities and thousands of family wage jobs in those communities.

Prince Rupert's strategy, in a nutshell, is to capture cargo moving to and from American markets via American ports – particularly the ports of Seattle and Tacoma. Once in Canada that cargo moves directly into the heartland of the United States on a rail system heavily supported and protected by Ottawa.

This strategy represents a serious economic threat to U.S. port communities. At the Port of Seattle, the cargo targeted by Prince Rupert supports more than 34,000 jobs. Those jobs generate in excess of \$2 billion in annual payroll, \$2.5 billion in business revenue, \$431 million in local purchases, and \$210 million in state and local tax revenues (Port of Seattle Economic Impact Study, 2003, John Martin & Associates).



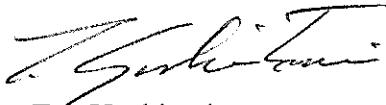
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Another concern is that security measures at land borders where Canadian owned rail lines enter the U.S. are not as rigorous as at U.S. seaports. This statement is not meant to question Canadian security measures or the close and cooperative security relationship we enjoy with Canada. Indeed, the security measures employed at Prince Rupert and other Canadian seaports are rigorous and similar to those at American ports. The question is why U.S. border security at land crossings should be any less thorough than it is at seaports.

Fair competition is good and well. It helps keep U.S. ports sharp and transportation costs low for American businesses and consumers. But Prince Rupert's predatory practices are bad for American ports, American businesses, American workers, and American consumers.

We are very concerned about the economic threat of Prince Rupert to our U.S. ports. The merger of the CN and EJ&E Railway is a critical link necessary to implement Prince Rupert's strategy. For the reasons detailed in this letter, we ask that you carefully consider the downstream economic effects of this proposed transaction.

Sincerely,



Tay Yoshitani
CEO
Port of Seattle

Cc:
U.S. Senator Durbin
U.S. Senator Obama
U.S. Representative Roskam
U.S. Representative Foster
U.S. Representative Biggert
U.S. Representative Manzullo